



# House of Representatives

## File No. 791

General Assembly

January Session, 2015

**(Reprint of File No. 113)**

House Bill No. 6403  
As Amended by House Amendment  
Schedule "A"

Approved by the Legislative Commissioner  
May 8, 2015

### **AN ACT CONCERNING SECURITY FREEZES ON CHILDREN'S CREDIT REPORTS.**

Be it enacted by the Senate and House of Representatives in General  
Assembly convened:

1 Section 1. Section 36a-701 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2015*):

3 As used in this section and section 36a-701a, as amended by this act:

4 (1) "Consumer" means any person who is utilizing or seeking credit  
5 for personal, family or household purposes;

6 (2) "Credit rating agency" means credit rating agency, as defined in  
7 section 36a-695;

8 (3) "Credit report" means credit report, as defined in section 36a-695;

9 (4) "Creditor" means creditor, as defined in section 36a-695; [and]

10 (5) "Minor child" means an individual under eighteen years of age at  
11 the time a request for placement of a security freeze is submitted;

12        [(5)] (6) "Security freeze" means a notice placed in a consumer's  
13 credit report, at the request of the consumer, that prohibits the credit  
14 rating agency from releasing the consumer's credit report or any  
15 information from it without the express authorization of the consumer.  
16 In the case of a minor child under subsections (j) and (k) of section 36a-  
17 701a, as amended by this act, "security freeze" means (A) a restriction  
18 that is placed on the minor child's credit report prohibiting the credit  
19 rating agency from releasing the minor child's credit report or any  
20 information derived from the minor child's credit report, provided a  
21 credit rating agency has information in its files pertaining to such  
22 minor child; or (B) a restriction that is placed on the minor child's  
23 record prohibiting the credit rating agency from releasing the minor  
24 child's record, provided a credit rating agency does not have any  
25 information in its files pertaining to such minor child; and

26        (7) "Sufficient proof of authority" means documentation showing  
27 that a parent or legal guardian has authority to act on behalf of a minor  
28 child, including, but not limited to, a court order, an original copy of  
29 the minor child's birth certificate or a written notarized statement  
30 expressly describing the authority of the parent or legal guardian to act  
31 on behalf of the minor child that is signed by the parent or legal  
32 guardian and acknowledged, in accordance with the provisions of  
33 chapter 6, by (A) a judge of a court of record or a family support  
34 magistrate, (B) a clerk or deputy clerk of a court having a seal, (C) a  
35 town clerk, (D) a notary public, (E) a justice of the peace, or (F) an  
36 attorney admitted to the bar of this state.

37        Sec. 2. Section 36a-701a of the general statutes is repealed and the  
38 following is substituted in lieu thereof (*Effective October 1, 2015*):

39        (a) Any consumer may submit a written request, by certified mail or  
40 such other secure method as authorized by a credit rating agency, to a  
41 credit rating agency to place a security freeze on such consumer's  
42 credit report. Such credit rating agency shall place a security freeze on  
43 a consumer's credit report not later than five business days after  
44 receipt of such request. Not later than ten business days after placing a

45 security freeze on a consumer's credit report, such credit rating agency  
46 shall send a written confirmation of such security freeze to such  
47 consumer that provides the consumer with a unique personal  
48 identification number or password to be used by the consumer when  
49 providing authorization for the release of such consumer's report to a  
50 third party or for a period of time.

51 (b) In the event such consumer wishes to authorize the disclosure of  
52 such consumer's credit report to a third party, or for a period of time,  
53 while such security freeze is in effect, such consumer shall contact such  
54 credit rating agency and provide: (1) Proper identification, (2) the  
55 unique personal identification number or password described in  
56 subsection (a) of this section, and (3) proper information regarding the  
57 third party who is to receive the credit report or the time period for  
58 which the credit report shall be available. Any credit rating agency that  
59 receives a request from a consumer pursuant to this section shall lift  
60 such security freeze not later than three business days after receipt of  
61 such request.

62 (c) Except for the temporary lifting of a security freeze as provided  
63 in subsection (b) of this section, any security freeze authorized  
64 pursuant to the provisions of this section shall remain in effect until  
65 such time as such consumer requests such security freeze to be  
66 removed. A credit rating agency shall remove such security freeze not  
67 later than three business days after receipt of such request provided  
68 such consumer provides proper identification to such credit rating  
69 agency and the unique personal identification number or password  
70 described in subsection (a) of this section at the time of such request  
71 for removal of the security freeze.

72 (d) Any credit rating agency may develop procedures to receive and  
73 process such request from a consumer to temporarily lift or remove a  
74 security freeze on a credit report pursuant to subsection (b) of this  
75 section. Such procedures, at a minimum, shall include, but not be  
76 limited to, the ability of a consumer to send such temporary lift or  
77 removal request by electronic mail, letter or facsimile.

78 (e) In the event that a third party requests access to a consumer's  
79 credit report that has such a security freeze in place and such third  
80 party request is made in connection with an application for credit or  
81 any other use and such consumer has not authorized the disclosure of  
82 such consumer's credit report to such third party, such third party may  
83 deem such credit application as incomplete.

84 (f) Any credit rating agency may refuse to implement or may  
85 remove such security freeze if such agency believes, in good faith, that:  
86 (1) The request for a security freeze was made as part of a fraud that  
87 the consumer participated in, had knowledge of, or that can be  
88 demonstrated by circumstantial evidence, or (2) the consumer credit  
89 report was frozen due to a material misrepresentation of fact by the  
90 consumer. In the event any such credit rating agency refuses to  
91 implement or removes a security freeze pursuant to this subsection,  
92 such credit rating agency shall promptly notify such consumer in  
93 writing of such refusal not later than five business days after such  
94 refusal or, in the case of a removal of a security freeze, prior to  
95 removing the freeze on the consumer's credit report.

96 (g) Nothing in this section shall be construed to prohibit disclosure  
97 of a consumer's credit report to: (1) A person, or the person's  
98 subsidiary, affiliate, agent or assignee with which the consumer has or,  
99 prior to assignment, had an account, contract or debtor-creditor  
100 relationship for the purpose of reviewing the account or collecting the  
101 financial obligation owing for the account, contract or debt; (2) a  
102 subsidiary, affiliate, agent, assignee or prospective assignee of a person  
103 to whom access has been granted under subsection (b) of this section  
104 for the purpose of facilitating the extension of credit or other  
105 permissible use; (3) any person acting pursuant to a court order,  
106 warrant or subpoena; (4) any person for the purpose of using such  
107 credit information to prescreen as provided by the federal Fair Credit  
108 Reporting Act; (5) any person for the sole purpose of providing a credit  
109 file monitoring subscription service to which the consumer has  
110 subscribed; (6) a credit rating agency for the sole purpose of providing  
111 a consumer with a copy of his or her credit report upon the consumer's

112 request; or (7) a federal, state or local governmental entity, including a  
113 law enforcement agency, or court, or their agents or assignees  
114 pursuant to their statutory or regulatory duties. For purposes of this  
115 subsection, "reviewing the account" includes activities related to  
116 account maintenance, monitoring, credit line increases and account  
117 upgrades and enhancements.

118 (h) The following persons shall not be required to place a security  
119 freeze on a consumer's credit report, provided such persons shall be  
120 subject to any security freeze placed on a credit report by another  
121 credit rating agency: (1) A check services or fraud prevention services  
122 company that reports on incidents of fraud or issues authorizations for  
123 the purpose of approving or processing negotiable instruments,  
124 electronic fund transfers or similar methods of payment; (2) a deposit  
125 account information service company that issues reports regarding  
126 account closures due to fraud, substantial overdrafts, automated teller  
127 machine abuse, or similar information regarding a consumer to  
128 inquiring banks or other financial institutions for use only in reviewing  
129 a consumer request for a deposit account at the inquiring bank or  
130 financial institution; or (3) a credit rating agency that: (A) Acts only to  
131 resell credit information by assembling and merging information  
132 contained in a database of one or more credit reporting agencies; and  
133 (B) does not maintain a permanent database of credit information from  
134 which new credit reports are produced.

135 (i) A credit rating agency may charge a fee of not more than ten  
136 dollars to a consumer for each security freeze, removal of such freeze  
137 or temporary lift of such freeze for a period of time, and a fee of not  
138 more than twelve dollars for a temporary lift of such freeze for a  
139 specific party.

140 (j) The parent or legal guardian of a minor child may place a  
141 security freeze on the credit report of a minor child by submitting a  
142 written request to the credit rating agency in the manner described in  
143 this section and subject to the same conditions and by providing the  
144 credit rating agency with proper identification and sufficient proof of

145 authority to act on behalf of the minor child. The credit rating agency  
 146 shall place the security freeze on the credit report of a minor child not  
 147 later than five business days after receipt of such request. If the credit  
 148 rating agency does not have any information in its files pertaining to  
 149 the minor child at the time the credit rating agency receives a request  
 150 pursuant to this subsection, the credit rating agency shall create a  
 151 record for the minor child and place a security freeze on such record.  
 152 Such record shall consist of a compilation of information created by a  
 153 credit rating agency that identifies a minor child. A credit rating  
 154 agency shall not create or use such record to consider the minor child's  
 155 credit worthiness, credit standing, credit capacity, character, general  
 156 reputation, personal characteristics or mode of living. A credit rating  
 157 agency shall not release a minor child's credit report, any information  
 158 derived from a minor child's credit report or any record created for a  
 159 minor child.

160 (k) The parent or legal guardian of a minor child may request the  
 161 removal of a security freeze placed on the credit report or record of a  
 162 minor child by submitting a written request to the credit rating agency  
 163 in the manner described in this section and subject to the same  
 164 conditions and by providing the credit rating agency with proper  
 165 identification and sufficient proof of authority to act on behalf of the  
 166 minor child. The credit rating agency shall remove the security freeze  
 167 on the credit report or record of a minor child not later than fifteen  
 168 business days after receipt of such request.

169 [(j)] (l) An insurer, as defined in section 38a-1, may deny an  
 170 application for insurance if an applicant has placed a security freeze on  
 171 such applicant's credit report and fails to authorize the disclosure of  
 172 such applicant's credit report to such insurer pursuant to the  
 173 provisions of subsection (b) of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2015	36a-701

Sec. 2	<i>October 1, 2015</i>	36a-701a
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The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

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***OFA Fiscal Note***

***State Impact:*** None

***Municipal Impact:*** None

***Explanation***

The bill concerns transactions between private entities and individuals and results in no fiscal impact to the state or municipalities.

House "A" strikes the underlying bill and replaces it with provisions that result in the fiscal impact described above.

***The Out Years***

***State Impact:*** None

***Municipal Impact:*** None



**OLR Bill Analysis****HB 6403 (as amended by House "A")\******AN ACT CONCERNING SECURITY FREEZES ON CHILDREN'S CREDIT REPORTS.*****SUMMARY:**

This bill allows a minor's parent or legal guardian to place a security freeze on the minor's credit report. Under the bill, a "minor" is someone under age 18 when a security freeze request is submitted.

Under the bill, the freeze prohibits a credit rating agency from releasing the minor's credit report and information derived from it, if the agency has information about the child. If the agency does not have any information about the child, it must create, but not release, a record that compiles the information the agency created that identifies the child. The agency cannot use the record to consider the child's credit worthiness, standing, or capacity; character; reputation; personal characteristics; or mode of living. The bill prohibits the agency from releasing the child's credit report, information derived from it, or records created for the child.

To initiate a security freeze, the bill requires the parent or guardian to provide the credit rating agency with:

1. a written request by certified mail or other secure method authorized by the rating agency and
2. proper identification and sufficient proof of authority to act for the minor, such as a court order, an original copy of the minor's birth certificate, or a written notarized statement signed by the parent or guardian that expressly describes his or her authority to act and is acknowledged according to law by a judge, family

support magistrate, court clerk or deputy clerk with a seal, town clerk, notary public, justice of the peace, or Connecticut-licensed attorney.

The bill requires the agency to freeze the minor's credit report within five business days of receiving a request. The parent or legal guardian can request the freeze's removal by submitting (1) a written request to the agency in the same way as current law allows for freezes of an adult's credit report and (2) proper identification and sufficient proof of authority to act for the child. The agency must remove a freeze within 15 business days of a request.

\*House Amendment "A" (1) defines a minor for purposes of the bill; (2) requires that a statement showing proof of authority to act for a minor be acknowledged; (3) only allows an original copy, and not a certified copy, of a birth certificate to serve as proof of authority to act for a minor; and (4) adds provisions on the effects of a freeze, the record an agency must create, what an agency cannot do with information about a child, removing a freeze, and the timeline for agencies to respond to requests.

EFFECTIVE DATE: October 1, 2015

## **BACKGROUND**

### ***Security Freezes***

The law allows a consumer to request that a credit rating agency place a security freeze on his or her credit report. A freeze prohibits the agency from releasing information in the credit report without the consumer's express authorization. The agency provides the consumer with a personal identification number that the consumer can use to authorize (1) release of his or her report for a period of time or a specific purpose or (2) termination of the freeze.

Credit rating agencies may charge up to \$10 for a freeze, removal of one, or temporarily lifting one. They may charge up to \$12 to temporarily lift a freeze for a specific party.

**Related Bill**

sHB 6800, as amended by House Amendment "A," among other things, prohibits credit rating agencies from charging security freeze fees to certain people such as identity theft victims and people under age 18.

**COMMITTEE ACTION**

Banking Committee

Joint Favorable

Yea 17      Nay 0      (03/05/2015)